

FAC No. YK-[text deleted]

PENALTY NOTICE

[text deleted]

Demars International, Inc.
Building 67 Cargo Service Rd., #3082
JFK International Airport
Jamaica, NY 11430-1608

Dear [text deleted]:

A Prepenalty Notice ("Notice") dated October 14, 2005, copy enclosed, was issued by the Office of Foreign Assets Control ("OFAC") to Demars International, Inc. ("Demars") for engaging in prohibited transactions, detailed in the Notice, involving exportation of merchandise to the Federal Republic of Yugoslavia (Serbia and Montenegro). Inasmuch as no license or approval was issued by OFAC prior to Demars undertaking these transactions, Demars violated Executive Order 13088 of June 9, 1998 (63 Fed. Reg. 32109, June 12, 1998), as amended by Executive Order 13121 of April 30, 1999 (64 Fed. Reg. 24021, May 5, 1999), promulgated pursuant to the International Emergency Economic Powers Act, 50 U.S.C. 1701-1706 ("IEEPA"). *See* § 1(b) of Executive Order 13121. *See also* 31 C.F.R. Part 586 ("Regulations").

Section 206 of IEEPA, 50 U.S.C. § 1705, provides, in part, for a civil penalty not to exceed \$10,000 for each such violation.¹ The Notice proposed a penalty in the amount of \$13,460.00 and advised Demars of the right to make a written presentation to OFAC setting forth reasons why a penalty should not be imposed, or if imposed, why it should be less than that proposed. Such written response was required to be made within thirty (30) days of the mailing of the Notice.

On October 14, 2005, OFAC mailed by first class (regular) mail the Notice to Demars at Demars' last known address. More than 30 days have now passed since the mailing of the Notice to Demars and OFAC has received no written presentation or other communication from Demars. It is thus determined that Demars has filed no written response to OFAC's Notice, and further, that Demars has presented no new facts or explanations to warrant relief from the penalty proposed.

¹ Section 4 of the Federal Civil Penalties Inflation Adjustment Act of 1990 (Pub. L. 101-410, 104 Stat. 890, 28 U.S.C. § 2461 note), as amended by the Debt Collection Improvement Act of 1996 (Pub. L. 104-134, sec. 31001(s)(1), Apr. 26, 1996, 110 Stat. 1321-373 -- jointly, the "FCPIA"), requires each Federal agency with statutory authority to assess civil monetary penalties ("CMPs") to adjust CMPs for inflation according to a formula described in § 5 of the FCPIA. Accordingly, on October 23, 1996, OFAC published the required amendment, effective October 21, 1996, to the Regulations adjusting its CMP to \$11,000. *See* 61 Fed. Reg. 54936 at 54939.

After careful review of the entire file, OFAC has determined that Demars did violate the pertinent Executive Orders, the Regulations and IEEPA. Accordingly, a civil penalty in the amount of \$2,357.95, calculated as the aggregate value of the shipped merchandise in Counts 3, 4 and 5 of the Notice, is imposed upon Demars pursuant to the Regulations.

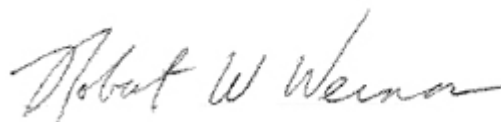
Inasmuch as it is policy not to seek the filing of a complaint in federal district court in a debt collection action in the event of a default in payment of a penalty assessed by OFAC where the statute of limitations could be raised by the debtor as a defense, OFAC is not proposing a penalty for the violations referenced in Counts 1 and 2 of the Notice.

A check payable to the "U.S. Treasury" in the amount of \$2,357.95 should be sent within 30 days of the mailing of this Penalty Notice to U.S. Treasury Department, Office of Foreign Assets Control, 2nd Floor Annex, 1500 Pennsylvania Avenue, N.W., Washington, D.C. 20220. In the alternative, Demars may arrange for an electronic funds transfer by contacting OFAC's Civil Penalties Division. Please note that interest, administrative charges and late fees will commence to accrue after 30 days. Under Public Law 97-365, 31 U.S.C. § 3717, interest at an annual rate of 5% and an administrative charge of \$12.00 will be added monthly if the amount is not paid by the due date. Should the amount not be paid within ninety (90) days, an additional late charge of 6% will be added.

Please note that § 586.705 of the Regulations provides that this matter shall be referred to the United States Department of Justice for collection if the penalty is not paid within 30 days of the mailing of the Penalty Notice.

Please further note that 31 U.S.C. § 7701 requires that a person assessed a penalty by a Federal agency furnish a taxpayer identification number/Social Security Number and also requires the agency to disclose that the agency intends to use such number for the purposes of collecting and reporting on any delinquent penalty amount in the event of a failure to pay the penalty imposed.

Sincerely,

A handwritten signature in dark ink, appearing to read "Robert W. Werner". The signature is fluid and cursive, with the first name "Robert" being more prominent.

Robert W. Werner
Director
Office of Foreign Assets Control

Enclosure: Prepenalty Notice